CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NO. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIOS COMMISSION

REDACTED -
FOR PUBLIC INSPECTION

Study Area Code	401726
Study Area Name	TRI-COUNTY TELEPHONE COMPANY, INC.
Company Contact Name	JOHN STRODE
Contact Telephone Number	870.336.2345
Contact Email Address	John.Strode@RitterCommunications.com

APPENDIX A - PROJECT LIST FOR 2016-2019

Project	Start Date	Completion	Areas	Population(1)	Total Dollars	Part 32 Account	Voice, Broadband, Both, etc.
Land & General Support	2016	2019			[redacted]	2111 & 2121	Both
Central Office Switching	2016	2019			[redacted]	2210	Both
Central Office Transmission	2016	2019			[redacted]	2232	Both
Cable & Wire Facilities	2016	2019			[redacted]	2410	Both
Totals					$ [redacted]		

(1) If population is unknown, please provide JSI with as much information as you can regarding area covered, such as zip codes, census blocks, municipality names, or simple hand-drawn maps with address/area markers, and JSI can assist with population estimates.

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Study Area Code	401726
Study Area Name	TRI-COUNTY TELEPHONE COMPANY, INC.
Company Contact Name	JOHN STRODE
Contact Telephone Number	870.336.2345
Contact Email Address	John.Strode@RitterCommunications.com

BLUE FONT = INPUT Field
BLACK FONT = CALCULATION Field

APPENDIX B: 5-Year Proposed Capital Expenditures and Operating Expenses

(1) Use the chart below to break out the **regulated** portion of the cost/expense on a per-year basis
Please note that the 5-Year Plan should include **regulated plant/expenses only.**

Regulated Capital Expenditure (CapEX) Projections

Account	*Description*	2015	Depr Rates (Weighted, Composite Depr Rate if Applicable)	2016	2017	2018	2019	2020	Total Projected CapEx 2015-2020
2121	Buildings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Regulated Operating Expenditure (OpEx) Projections

[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: Cell K20, Total Projected CapEx, should equal Total from Project List (cell G42)

401726.112

APPENDIX C

REDACTED IN ITS ENTIRETY

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FOR PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NO. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIOS COMMISSION

TRI-COUNTY TELEPHONE COMPANY
SAC: 401726

Unfulfilled Requests - Previous 12 Months

VOICE & BROADBAND - REPORTING PERIOD: JAN. 1, 2014 THROUGH DEC. 31, 2014

REF	DATE	DESCRIPTION OF SERVICE REQUESTED	SERVICE REQUESTED (√ ALL APPLICABLE TO UNFULFILLED REQUEST)		BROADBAND	DESCRIBE HOW CARRIER ATTEMPTED TO PROVIDE SERVICE
			BROADBAND	VOICE	SPEED REQUESTED	
1	7/17/2014	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
2	7/21/2014	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
3	7/14/2014	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
4	8/1/2014	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
5	9/2/2014	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						

47 CFR §54.313 (a)(3)

In establishing this certification in its *2005 ETC Order*,[1] the FCC found that an ETC must make "a specific commitment to objective measures to protect consumers." [2] The Commission found that for wireless ETCs, compliance with CTIA's Consumer Code for Wireless Service would satisfy this requirement" and that the sufficiency of other commitments would be considered on a case-by-case basis.[3] In this context, the FCC stated, "to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement."[4]

Tri-County Telephone Company, Inc. ("Company") hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of the Arkansas Public Service Commission (APSC) which disclose rates, terms and conditions of service to customers;

(2) consumer protection requirements governing telephone providers which require adherence to APSC's Telecommunications Providers Rules governing service supplied by Telephone Providers (TP). The basic utility obligations include: (a) Each

[1] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) ("*2005 ETC Order*").
[2] *Id.* at para. 28.
[3] *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: "(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy." *Id.* at n. 71.
[4] *Id.* at n. 72.

telephone provider shall provide all services and offerings on a continuous 24 hour basis. For example: (i) Local and toll switched or non-switched circuits and functions. (ii) Equipment or personnel to receive customer trouble reports; and (iii) Emergency repair service. Each TP shall operate and maintain its entire system so that service is safe, adequate, and reliable. Each TP shall inspect its entire system as necessary to have a reasonable knowledge of the system's condition at all time.

(3) In accordance with APSC Rule 2.01.B, E. Ritter Telephone Company provides the following information in the Customer Information section of its directory (Pages 3 – 13 of the 2013 Directory):

(a) A list and description of all rates for basic local exchange access service and any discounts which would apply to that service;

(b) All billing plans and options available to the customer;

(c) A summary of rules and procedures for the payment, refund, and guarantee of deposits;

(d) A summary of billing rules and procedures;

(e) An itemized bill description, if not shown on the bill;

(f) Procedures for verifying the accuracy of a bill;

(g) A description of any automatic adjustment charge;

(h) A summary of the rules and procedures for paying bills to include payments made to authorized payment agents;

(i) A summary of the delayed payment agreement rules and procedures – information on delayed payment agreements shall say that a customer who is having difficulty paying a LEC bill may, if qualified, make payments in installments;

(j) A summary of the rules and procedures for suspension, reconnection, and termination of service;

(k) The options available to customers to avoid shut-off of service when a customer is away for an extended period;

(l) A summary of the rules and procedures for giving someone else notice before shutting off a customer's service (Third-Party Notification procedures);

(m) A summary of the rules and procedures for helping households avoid shut-off when there is a serious medical condition, elderly customer, or customer who is an individual with disabilities;

(n) The local and/or toll-free telephone numbers, and a statement that the customer may contact the LEC for a list of authorized payment agents in the customer's area;

(o) Procedures for making a complaint to the LEC and the APSC;

(p) Toll-free and local telephone numbers of the APSC and the mailing and street address of the APSC;

(q) A statement that these Rules are available through each LEC's business office.

Customer billing guidelines set forth in APSC Telephone Providers Rules Section 5 Billing state that each bill shall contain the following information:

1. Name and telephone number or identifying number under which service is billed;
2. The beginning and ending dates of the billing period;

3. The net amount of all payments and other credits made to the account during the billing period;
4. Any previous balance due;
5. The amount of any "late payment charge" and an explanation of when it will apply;
6. The date the bill was mailed;
7. A list of all charges or credits, including: a) Deposit installments; b) Deposit refunds; c) Automatic adjustments; d) Customer or minimum charges; e) Taxes, listed by kind; f) Charges for other utility service; g) Charges for non-utility merchandise, service or equipment; h) Basic service; i) Federal end user common line charge j) Equipment; k) Custom calling services.
8. If a LEC uses industry-specific abbreviations for terms that explain the billing, it shall identify them on the bill;
9. A statement that the customer may contact the LEC about any problem with billing or service, or for a delayed payment agreement. The statement shall include an address and a telephone number where customers can call the LEC without charge.

In addition, the Company is subject to consumer protection obligations under state law relating to truth-in-billing requirements, CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

Tri-County Telephone Co., Inc. (The Company), hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2).[1] The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company has battery backup at all office locations and in its electronic equipment sites. Length of run time is determined by the equipment serving the area and the number of customers working out of the equipment. Generators are installed at all Central Office locations. They will continue to run as long as the Company has access to fuel for generators.

[1] Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

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FOR PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION SUBJECT
TO PROTECTIVE ORDER IN WC DOCKET NOS 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NO. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE
THE FEDERAL COMMUNICATIOS COMMISSION

(700) Price Offerings Including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	401726
<015>	Study Area Name	TRI-COUNTY TEL CO-AR
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> Total per line Rates and Fees
AR	Alpena		FR	19.0	0.0	0.8	0.0	19.8
AR	Compton		FR	19.0	0.0	0.8	1.75	21.55
AR	Deer		FR	19.0	0.0	0.8	0.0	19.8
AR	Jasper		FR	19.0	0.0	0.8	0.0	19.8
AR	Lurton		FR	19.0	0.0	0.8	0.0	19.8
AR	Mt. Judea		FR	19.0	0.0	0.8	0.0	19.8
AR	Osage		FR	19.0	0.0	0.8	0.0	19.8
AR	Ponca		FR	19.0	0.0	0.8	0.0	19.8
AR	St. Joe		FR	19.0	0.0	0.8	0.0	19.8
AR	Western Grove		FR	19.0	0.0	0.8	1.75	21.55

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(710) Broadband Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	401726
<015>	Study Area Name	TRI-COUNTY TEL CO-AR
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	**Exchange (ILEC)**	**Residential Rate**	**State Regulated Fees**	Total Rates and Fees	**Broadband Service - Download Speed (Mbps)**	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)
AR	Alpena	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Alpena	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Deer	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Deer	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Jasper	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Jasper	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Lurton	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Lurton	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Mt. Judea	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Mt. Judea	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Osage	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Osage	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Ponca	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Ponca	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	St. Joe	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	St. Joe	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable
AR	Western Grove	64.95	0.0	64.95	12.0	1.5	999999.0	Other, Not applicable
AR	Western Grove	54.95	0.0	54.95	6.0	1.0	999999.0	Other, Not applicable

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FOR PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NO. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIOS COMMISSION

(800) Operating Companies
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	401726
<015>	Study Area Name	TRI-COUNTY TEL CO-AR
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<810>	Reporting Carrier	Tri-County Telephone Co.-AR
<811>	Holding Company	E. Ritter Communications Holdings, Inc.
<812>	Operating Company	Tri-County Telephone Co.-AR

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
E. RITTER TELEPHONE COMPANY, INC	401722	RITTER COMMUNICATIONS
MILLINGTON TELEPHONE COMPANY, INC.	290571	RITTER COMMUNICATIONS

401726ar1010

Name: Tri-County Telephone Company, Inc.

SAC: 401726

SPIN: 143002275

LINE 1010 – VOICE SERVICE RATE COMPARABILITY

Tri-County Telephone Company, Inc.'s fixed voice service is $19.00 which is below the urban floor rate of $21.22. Therefore, Tri-County Telephone Company, Inc. 's fixed voice service is not more than two standard deviations above the national average.

14. LIFELINE

14.1 Service

Lifeline Service is a service offered to certain qualified residential customers of the Company. This service provides for a discount from the local access rate charged by the Company.

Lifeline Service is a service offered to certain qualified residential customers of the Company. This service provides for a discount from the local access rate charged by the Company.

The Company will also seek a waiver to the maximum amount authorized by the Federal Communications Commission ("FCC") of the federal customer line charge ("SLC") to be applied under its approved lifeline plan.

14.2 Qualification

(CT) Lifeline Service is available only to Food Stamp, federal public housing assistance or Section 8 programs, Low Income Home Energy Assistance Program, Medicaid (including Supplemental Security Income), Aid to Families with Dependent Children recipients, recipients of Temporary Assistance to Needy Families, participants in the National School Lunch's free lunch program, or families whose household income falls below 135% of the Federal Poverty Guideline. A directory listing (if desired) and billing for Lifeline Service will only be provided in the name of and at the address of the certified recipient.

(CT) Lifeline Service customers will self certify on an annual basis that they continue to be eligible for this service.

(AT)

14.2.1 The customer will certify under penalty of perjury that the information supplied at the time of application for Lifeline service is accurate. The Company will obtain sufficient documentation from the customer to verify that the customer qualifies for Lifeline and an officer of the Company will certify that the Company has procedures to review the application of Lifeline Service in accordance with 47 U.S.C. Part 54. (AT)

ARKANSAS PUBLIC SERVICE COMMISSION

Section V

1st Revised Sheet No. 7 Replaces Original Sheet No. 7

ALL EXCHANGES

TRI-COUNTY TELEPHONE COMPANY

LOCAL EXCHANGE SERVICE (Cont'd)

PSC File Mark Only

14.3 Rates

The amount of the Lifeline Service discounted rate, which will be deducted from the normal residential access rate is as follows:

(CT) One-Party Residential$2.75

The above amount will be in addition to any reduction in the SLC by the FCC.

Issued: By: Bob Mouser, President
Tri-County Telephone Company

Effective: May 10, 2012

TRI-COUNTY TELEPHONE COMPANY, INC.

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

The Board of Directors
Tri-County Telephone Company, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-County Telephone Company, Inc. (the Company) (a wholly owned subsidiary of E. Ritter Communications Holdings, Inc.), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Tri-County Telephone Company, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

March 31, 2015

TRI–COUNTY TELEPHONE COMPANY, INC.

Balance Sheets

December 31, 2014 and 2013

Assets	**2014**	**2013**
Current assets:	[redacted]	
Cash and cash equivalents		
Accounts receivable, net		
Materials and supplies		
Prepaid expenses		
Deferred income taxes		
Income taxes receivable from E. Ritter & Company		
Total current assets		
Noncurrent assets:		
Nonregulated assets		
Investments		
Deferred income taxes		
Deferred charges		
Total noncurrent assets		
Telephone plant:		
In-service		
Under construction		
Total telephone plant		
Less accumulated depreciation		
Net telephone plant		
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable		
Due to affiliates		
Income taxes payable to E. Ritter & Company		
Current maturities of capital lease obligations		
Accrued expenses and other current liabilities		
Deferred income taxes		
Total current liabilities		
Long-term liabilities:		
Capital lease obligations		
Deferred income taxes		
Total long-term liabilities		
Stockholder's equity:		
Common stock, [redacted]; Authorized [redacted]; issued and outstanding [redacted]		
Additional paid-in capital		
Retained earnings	[redacted]	
Total stockholder's equity		

See accompanying notes to financial statements.

TRI–COUNTY TELEPHONE COMPANY, INC.

Statements of Income and Retained Earnings

Years ended December 31, 2014 and 2013

	2014	2013
Operating revenues:	[redacted]	
Local service		
Network access		
Long distance		
Other		
Nonregulated sales		
Total operating revenues		
Operating expenses:		
Plant operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Nonregulated expenses		
Taxes – other than income taxes		
Total operating expenses		
Operating income		
Other income (expense):		
Interest income		
Interest expense		
Other		
Total other income (expense), net		
Income before income taxes		
Provision for income taxes		
Net income		
Retained earnings:		
Beginning of year		
Dividends		
End of year		

See accompanying notes to financial statements.

TRI–COUNTY TELEPHONE COMPANY, INC.

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:	[redacted]	
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash operating activities:		
Depreciation and amortization		
Change in deferred income taxes		
Uncollectible operating revenues		
Changes in operating assets and liabilities:		
Accounts receivable		
Materials and supplies		
Prepaid expenses		
Accounts payable		
Due to affiliates		
Accrued expenses and other current liabilities		
Income taxes		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property, plant and equipment		
Purchase of investments		
Net cash used in investing activities		
Cash flows from financing activities:		
Payment of capital lease obligations		
Payment of dividends		
Net cash used in financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents:		
Beginning of year		
End of year		
Supplemental cash flow disclosures:		
Interest paid		
Income taxes paid (refunded)		

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Tri-County Telephone Company, Inc. (the Company) is a wholly owned subsidiary of E. Ritter Communications Holdings, Inc. (RCH or the Parent), which is a wholly owned subsidiary of E. Ritter & Company (ERC).

[redacted]

[redacted] *General Disclosure of Regulatory Matters*

The Company's telephone operations are regulated in nature, and its telephone accounting records are maintained in accordance with the rules and regulations of the Arkansas Public Services Commission (APSC), which substantially adhere to the rules and regulations of the Federal Communications Commission. The Company's regulated operations are subject to the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 980, *Regulated Operations*. The Company's regulated operations were subject to the provisions of regulatory accounting under which actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheets of an entity subject to regulatory accounting.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results realized may differ from these estimates.

(d) Cash Equivalents

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

(e) Accounts Receivable

Accounts receivable are stated at the historical carrying amounts, net of write-offs and allowances for doubtful accounts. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the Company's receivables determined on the basis of historical experience, market conditions, current trends, and any specifically identified customer collection issues. Uncollectible accounts are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined that collection of the balance is unlikely.

During 2014, the Company transferred billing and collections of certain of its accounts receivable to its parent. As of December 31, 2014, these receivables and the related allowances, and deferred tax assets for doubtful accounts are maintained by the Parent and recognized within due to affiliates on the Company's balance sheet. Any uncollectible accounts related to those balances will be charged back to the Company; such amounts are not estimated to be significant at December 31, 2014 or 2013.

(f) Materials and Supplies

Inventories are valued at the lower of cost (determined using average cost method) or market, except for copper wire and fiber optic cable inventories, which are valued at the lower of cost (determined using specific-identification method) or market.

(g) Telephone Plant and Depreciation

Telephone plant in-service is stated at original cost, including general overhead capitalized and an allowance for funds used during construction. For financial reporting purposes, the Company provides for depreciation using straight-line composite rates over the estimated useful lives of the assets for nonregulated property and mass asset accounting for regulated property. Telephone plant not subject to regulation is included in nonregulated property and equipment.

When regulated property is retired, the original cost, net of salvage, is charged against accumulated depreciation. The cost of maintenance and repairs of telephone plant, including the cost of replacing minor items not affecting substantial betterments, is charged to maintenance expense as incurred. When nonregulated property is retired, the cost of the property and the related accumulated depreciation are removed from the balance sheets, and any gain or loss on the transaction is recorded.

(h) Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

(i) Revenue Recognition – Network Access and Long-Distance Settlements

Revenues are recognized when earned and are primarily derived from usage of the Company's local exchange networks and facilities. The Company accrues unbilled revenues earned from the date of the customers' last billing to the end of the accounting period. Certain toll and access service revenues are estimated under cost separation procedures that base revenues on current operating costs and investments in facilities to provide such services.

The Company also participates in revenue pooling arrangements with other local service providers. Such pools were funded by local interexchange carriers and other providers of telecommunications services. Settlements with these revenue pooling arrangements are subject to retroactive adjustments from the pool members. The impacts of these adjustments are recorded in the period in which they are reported to the applicable pool administrator. During 2014 and 2013, the Company recorded out-of-period pooling adjustments of [redacted](increase to earnings) and [redacted](decrease to earnings), respectively, in network access revenue.

(j) Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The Company is included in the ERC consolidated federal and state tax returns. Income tax expense is calculated on a separate return computational basis.

The Company recognizes tax positions which are more likely than not to be sustained. The Company has determined that it does not have any significant unrecognized tax benefits as of December 31, 2014. Years ending on or after December 31, 2011 remain subject to examination by federal and state authorities.

(k) Statement of Comprehensive Income

The Company does not have accumulated other comprehensive income. Accordingly, a statement of comprehensive income has not been presented.

(l) Fair Value of Assets and Liabilities

The Company has estimated the fair value of its financial instruments using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop certain estimates of fair value. Accordingly, certain estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange.

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, and due to affiliates approximates fair value because of the short maturity of those instruments. The fair value of the Company's capital lease obligations are based on discounted cash flow analysis using the Company's incremental borrowing rate for similar types of borrowing arrangements and approximates carrying value.

(m) Subsequent Events

The Company has evaluated the effect subsequent events would have on the financial statements through March 31, 2015, which was the date the financial statements were available to be issued.

(n) Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation.

(2) Telephone Plant

Telephone plant in-service at December 31 is summarized as follows:

	Estimated useful lives	[redacted]
Land	Indefinite	$
Support assets	4–36	
Central office switching	3–7	
Central office transmission	7	
Originating/terminating assets	8	
Cable and wire facilities	5–21	
		$

Depreciation expense for telephone plant was [redacted] for 2014 and 2013, respectively. Such provision, as a percentage of the average balance of telephone plant in service, was [redacted] in 2014 and 2013, respectively. The Company periodically evaluates the depreciable lives of its property, plant and equipment and makes adjustments to its depreciation rates accordingly.